

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 IO-13 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01

OES-06 SP-02 SS-15 STR-04 ACDA-07 NSCE-00 SSO-00

USIE-00 INRE-00 /108 W

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O R 261315Z JUL 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 3948

TREASURY DEPT WASHDC IMMEDIATE

USMISSION EC BRUSSELS IMMEDIATE

INFO AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY COPENHAGEN

AMEMBASSY BONN

USMISSION NATO BRUSSELS

C O N F I D E N T I A L LONDON 11577

E.O. 11652: GDS

TAGS: EFIN, EEC

SUBJECT: EC COMMISSION PROPOSALS TO RESOLVE CIEC IMPASSE

REF: STATE 184196

1. IN THE ABSENCE OF MALCOLM WIDDUP. FINANCIAL ATTACHE,
CONVEYED U.S. POSITION TO JOHN SLATER. ASSISTANT SECRETARY
H.M.TREASURY CONCERNED WITH CIEC DEBT ISSUES. SLATER
REPLIED THAT WIDDUP WAS IN BRUSSELS ACCOMPANYING CHANCEL-
LOR OF THE DUCHY OF LANCASTER, HAROLD LEVER, WHO IS FIL-
LING IN FOR CHANCELLOR HEALEY AT TODAY'S EC FINANCIAL
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COUNCIL SESSION. AS A LAST-MINUTE AGENDA ITEM. DEBT CON-

SIDERATIONS WILL BE DISCUSSED. SLATER THOUGHT IT SIGNIFICANT THAT THE FIRST DISCUSSIONS THIS WEEK WOULD BE AMONG EC FINANCE MINISTERS.

2. TURNING TO SUBSTANCE OF REFTEL AND STATE 184169 AND 184195, FINANCIAL ATTACHE ALSO DREW ESPECIALLY ON PARAS 4-6 OF REFTEL AND NOTED CONCERN THAT IF THE COMMISSION PROPOSAL WERE ACCEPTED, IT COULD PRODUCE A MAJOR SPLIT WITH THE UNITED STATES.

3. SLATER SAID THAT ALMOST EVERYTHING HE HEARD SQUARED WITH THE H.M.T. POSITION. H.M.T. CONSIDERED IT WAS NEITHER PRUDENT NOR COMMON SENSE NOR NECESSARY TO ENVISAGE OR CONTEMPLATE PAYING ANY PRICE AT THIS STAGE TO ARRANGE FOR A RESUMPTION OF CIEC WORK IN THE AUTUMN. THE UK ECHOED AND ENDORSED THE US VIEW THAT TO DO SO WOULD BE TO ENCOURAGE THE G-19 TO USE SIMILAR TACTICS WHENEVER PROGRESS IN CIEC WAS NOT TO THEIR LIKING. IT ALSO AGREED ENTIRELY THAT THE G-19 NEGOTIATING POSITION ON PURCHASING POWER WAS CLEARLY PUT FORWARD AS A TACTICAL ISSUE TO INCREASE PRESSURE ON THE DEBT ISSUE. THE UK DOES NOT SEE THIS AS A TRADE OFF AND CONCURS WITH THE US VIEW THAT THE 2 ISSUES SHOULD BE TREATED ON THEIR MERITS.

4. SLATER CONCLUDED THAT EC MEMBER COUNTRIES HAVE A NUMBER OF TIMES COLLIDED WITH THE EC COMMISSION. HE CLEARLY IMPLIED HMT WOULD BE WILLING TO DO SO ON THIS POINT. SLATER WILL CALL WIDDUP IN BRUSSELS TO PASS ON THE SUBSTANCE OF THE US POSITION. WE SUGGESTED THAT WIDDUP MIGHT CONTACT PAUL BALABANIS AT EC BRUSSELS FOR A FULLER ELABORATION OF US VIEWS THAN SLATER MIGHT BE ABLE TO GIVE IN A TELEPHONE CONVERSATION.

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